GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:327
ANSWERED ON:01.03.2002
CUTOMS DUTY EXEMPTION TO DABHOL POWER
MAHBOOB ZAHEDI

Will the Minister of FINANCE be pleased to state:

(a) whether the Customs Department suspecting massive dutyevasion has asked Dabhol Power Company to furnish details of critically imported components allegedly shifted from its plant;

(b)if so, whether DPC reportedly shifted some critical components from its 2814 MW Guhagar Plant;

(c)if so, whether the imported equipments were extended at a concessional rate of duty on condition that these would be used for setting up the project at Dabhol;

(d) if so, whether the commissioner of customs imposed a penalty of Rs.45 crore under section 112

(a) of Customs Act for misdeclaration for the value of goods; and

(e) if so, the further steps likely to be taken by the Government in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a), (b) & (c) : Yes, Sir.

(d) & (e) : In a separate case relating to the importation of machinery and equipment for the Liquified Natural Gas (LNG) facility at Dabhol, the Commissioner of Customs has imposed a penalty of Rs.45 croreson DPC under section 112 (a) of the Customs Act,1962 for misdeclaration of the value of goods. In his order, dated 12.11.2001, a sum of Rs.245.59 crores (appox.) has been demanded from DPC as additionalduty. Against the order, DPC have gone in appeal. The CEGAT, by aninterim order, dated 28.12.2001, has waived the requirement of pre-deposit of duty on grounds of financial hardship. The Department has filed a writ petition in Mumbai High Court against the order of CEGAT.